

SDX RESOURCES, INC.

P.O. BOX 5061

MIDLAND, TEXAS 79704

(915) 685-1761

OIL CONSERVATION DIVISION
RECEIVED

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June 23, 1993

New Mexico Oil Conservation Division
Attention: Mr. Michael Stogner
Post Office Box 2088
Santa Fe, New Mexico 87504-2088

(30-015-27527)

Re: Request for administrative approval of unorthodox location

Dear Mr. Stogner:

This letter is intended to serve as an application for administrative approval of an unorthodox drilling location on our East Millman lease. The location requested is for the East Millman Unit well #211. A well survey plat and form C-101, along with a lease map of the project, accompany this letter.

As discussed in our original applications, the purpose of this location is to convert the existing waterflood project on our East Millman lease from an 80 acre five spot pattern to a 40 acre five spot pattern. This reduced spacing will result in the recovery of additional reserves that would otherwise be lost. No offset operators are affected by this proposed unorthodox location. Thank you for your prompt attention to this matter.

Respectfully,

SDX Resources, Inc.



Chuck Morgan, P. E.

CM:rr
enc.

Submit to Appropriate District Office
 State Lease - 6 copies
 Fee Lease - 5 copies

State of New Mexico
 Energy, Minerals and Natural Resources Department

Form C-101
 Revised 1-1-89

OIL CONSERVATION DIVISION
 P.O. Box 2088
 Santa Fe, New Mexico 87504-2088

DISTRICT I
 P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
 P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
 1000 Rio Brazos Rd., Aztec, NM 87410

API NO. (assigned by OCD on New Wells)

5. Indicate Type of Lease
 STATE FEE

6. State Oil & Gas Lease No.
 648

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. Type of Work:
 DRILL RE-ENTER DEEPEN PLUG BACK
 b. Type of Well:
 OIL WELL GAS WELL OTHER
 SINGLE ZONE MULTIPLE ZONE

7. Lease Name or Unit Agreement Name
 East Millman Unit

2. Name of Operator
 SDX Resources, Inc.

8. Well No.
 211

3. Address of Operator
 Post Office Box 5061, Midland, Texas 79704

9. Pool name or Wildcat
 East Millman-Q-GR-SA

4. Well Location
 Unit Letter 0 : 330 Feet From The S Line and 2462 Feet From The E Line
 Section 14 Township 19S Range 28E NMPM Eddy County

10. Proposed Depth 2900'
 11. Formation Grayburg
 12. Rotary or C.T. Rotary

13. Elevations (Show whether DF, RT, GR, etc.)
3402' Grd.
 14. Kind & Status Plug. Bond Blanket
 15. Drilling Contractor Capstar
 16. Approx. Date Work will start July 1, 1993

17. PROPOSED CASING AND CEMENT PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP
12 1/4"	8 5/8"	24#	350'+	300	Surface
7 7/8"	5 1/2"	15.50#	2850'+/-	300	Surface

Plan to drill a 12 1/4" hole to approximately 350' and set 8 5/8" surface casing. Circulate "C" cement. Drill 7 7/8" hole to TD. Run open hole logs (LDT-CNL-GR and DLL). Run 5 1/2" casing and circulate 50/50 POZ "C" cement. Perforate the Grayburg-Queen and stimulate as necessary for optimum production.

Mud Program: Fresh water mud 0' - 350'.
 Salt water mud 350' - TD.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: IF PROPOSAL IS TO DEEPEN OR PLUG BACK, GIVE DATA ON PRESENT PRODUCTIVE ZONE AND PROPOSED NEW PRODUCTIVE ZONE. GIVE BLOWOUT PREVENTER PROGRAM, IF ANY.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Rebecca Robinson TITLE Agent DATE 6-23-93

TYPE OR PRINT NAME Rebecca Robinson TELEPHONE NO. _____

(This space for State Use)

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:

Submit to Appropriate
District Office
State Lease - 4 copies
Fee Lease - 3 copies

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised 1-1-89

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

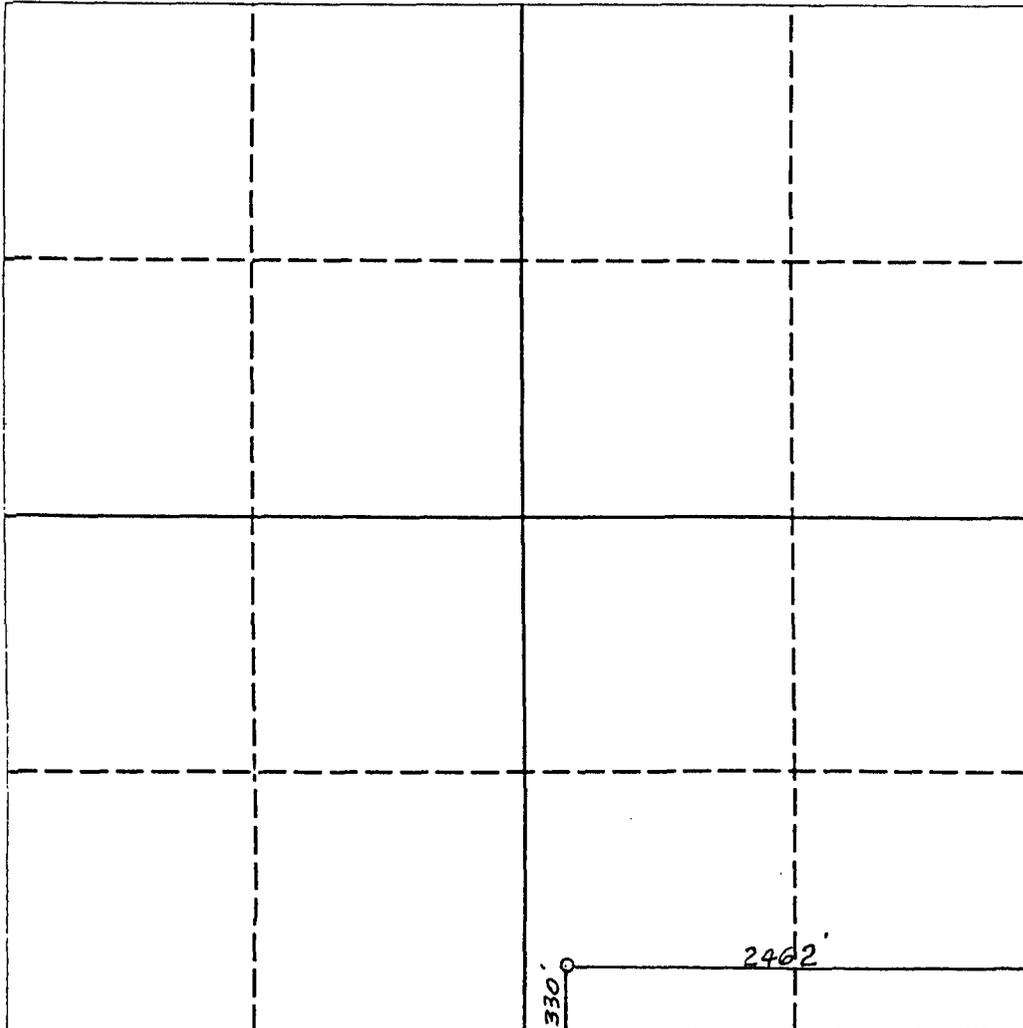
All Distances must be from the outer boundaries of the section

Operator SDX RESOURCES, INC.			Lease EAST MILLMAN UNIT		Well No. 211
Unit Letter 0	Section 14	Township 19 SOUTH	Range 28 EAST	County EDDY COUNTY, NM	
Actual Footage Location of Well: 330 feet from the SOUTH line and 2462 feet from the EAST line					
Ground level Elev. 3402.	Producing Formation Q-GR-SA		Pool East Millman-Q-GR-SA	Dedicated Acreage: 40 Acres	

- Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc.?
 Yes No If answer is "yes" type of consolidation _____

If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

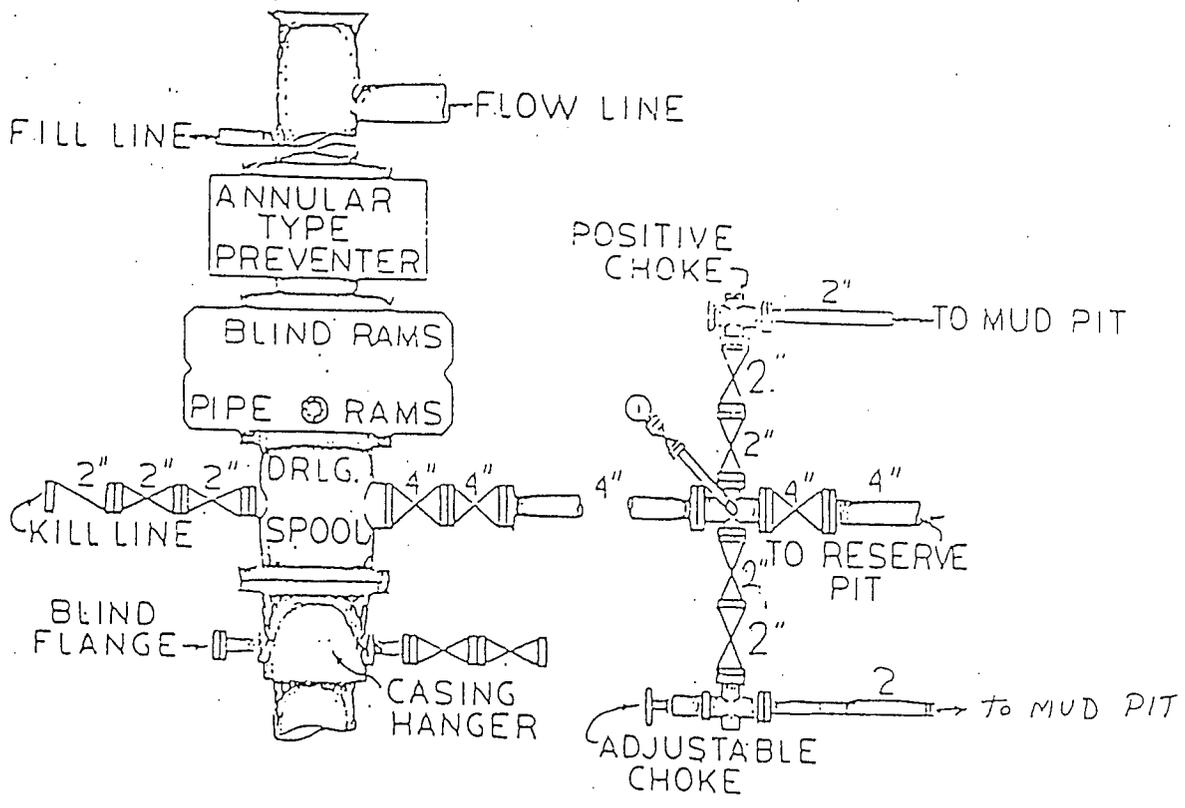
Signature: *Chuck Morgan*
 Printed Name: **Chuck Morgan**
 Position: **Engineer**
 Company: **SDX Resources, Inc.**
 Date: **June 23, 1993**

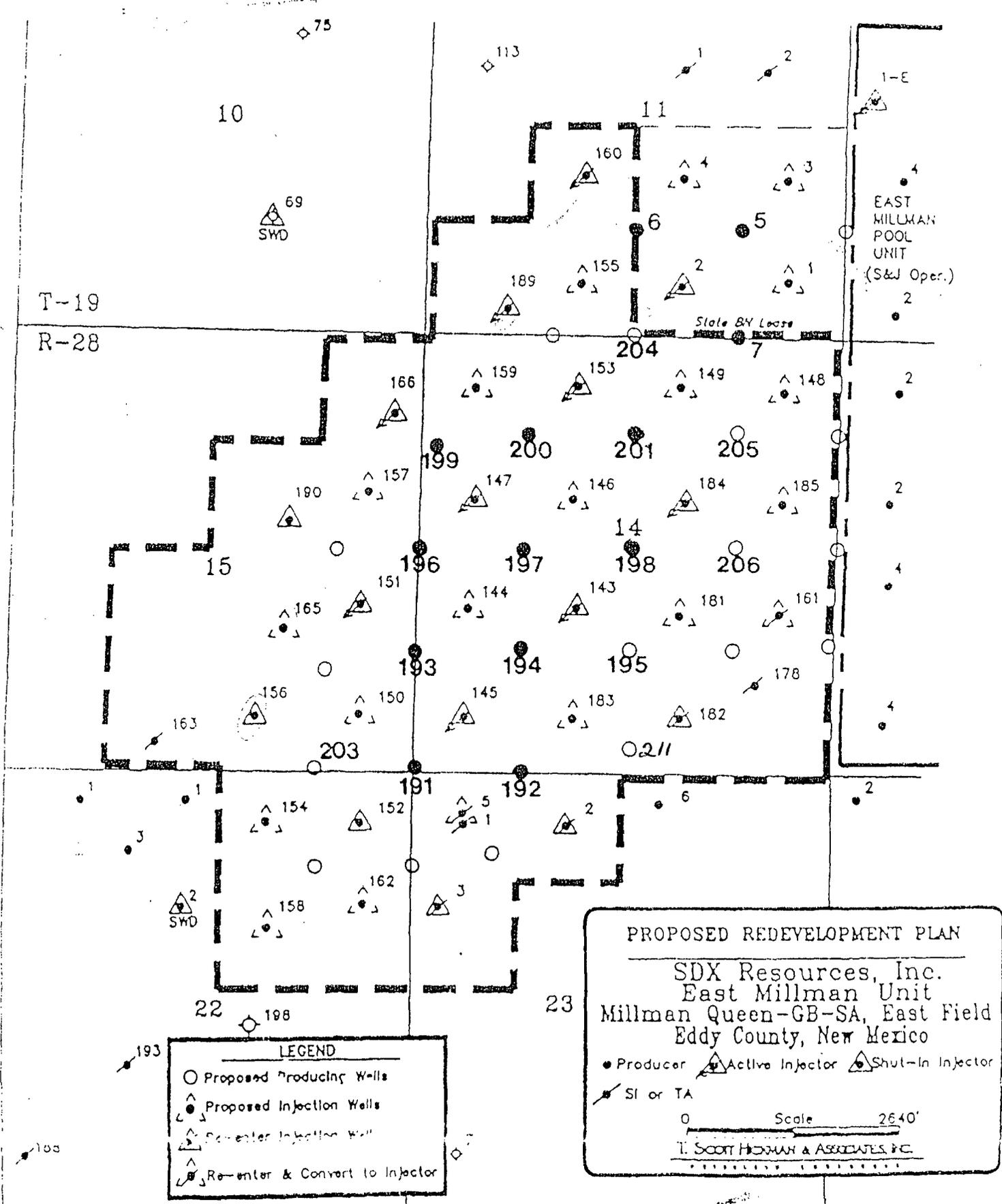
SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed: **JUNE 21, 1993**
 Signature & Seal of Professional Surveyor: *W. B. Reddy*
 Registered Professional Engineer
 Certificate No. SURVEY: **5412**
 NM PE & BS NO. **5412**

0 330 660 990 1320 1650 1980 2310 2640 2000 1500 1000 500 0





T-19
R-28

EAST MILLMAN POOL UNIT
(S&J Oper.)

Slate 84 Lease

PROPOSED REDEVELOPMENT PLAN

SDX Resources, Inc.
East Millman Unit
Millman Queen-GB-SA, East Field
Eddy County, New Mexico

- Producer
- ▲ Active Injector
- △ Shut-In Injector
- ↙ SI or TA

Scale 1" = 2640'

T. SCOTT HICKMAN & ASSOCIATES, INC.
REGISTERED ENGINEERS

- LEGEND
- Proposed Producing Wells
 - ▲ Proposed Injection Wells
 - △ Re-enter Injection Well
 - ▲ Re-enter & Convert to Injector

FIGURE 6